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## AGENCY DEFINITION AND CRITERIA

A home help services provider is eligible to be approved as an agency when either of the following criteria are met:

- A Medicaid enrolled home health agency.
- Has a Federal Tax Identification number, also known as Employer Identification Number (EIN), **AND** employs or (sub) contracts with two or more persons, not including the owner, to provide home help services.

When an agency has met the above requirements, it will fall into one of two categories. It will be either an agency that employs its service providers or an agency that subcontracts with its service providers.

### Agencies That Employ Service Providers

An agency that directly employs service providers must document that Federal Insurance Compensation Act (FICA) taxes and State Unemployment Insurance (SUI) are paid for all service providers.

#### ***Documentation***

FICA is paid on a quarterly basis. The agency's current IRS-941, Employer's Quarterly Federal Tax Return, will serve to document the agency has paid FICA for its employees.

State unemployment insurance is also paid on a quarterly basis and is documented by the agency's current UIA-1020, Employer's Quarterly Tax Report.

There are agencies that employ their services providers that qualify as a nonprofit organization under Section 501 (c)(3) of the Internal Revenue Code. These agencies may choose to pay state unemployment insurance on a quarterly basis or they may choose to pay as a reimbursing employer.

If the agency chooses to pay as a reimbursing employer, the state is paid only for claims actually paid out to former employees. In these cases, the agency's current UIA 1020-R, Reimbursing Employer's Quarterly Payroll Report, will serve as documentation.

**Agencies that  
Subcontract  
with Service  
Providers**

Agencies that subcontract with service providers are not required to pay FICA or SUI.

***Documentation***

Copies of the subcontractor agreements in addition to Internal Revenue Service (IRS) 1099 forms will serve as documentation.

The 1099 is an IRS form that states how much was paid to a subcontractor for the year. It is a record of income paid by the agency to the subcontractor. The agency is responsible for preparing and sending the information to the subcontractor and to the IRS. Agencies are required to submit this information for every person that is not an employee.

Agencies that subcontract may also present the response letter to an IRS SS-8 form request. The IRS SS-8 is a request that an agency can make to the IRS to determine an employee's work status for the purposes of Federal Employment Taxes and Income Tax Withholding. It states whether a worker is an employee or a subcontractor.

**Verification of  
Agency Status**

The adult services specialist should instruct agencies to submit the required documentation for agency status approval to:

Michigan Department of Community Health  
Long Term Care Services Policy Section  
Capital Commons Building, 6th Floor  
400 S. Pine Street  
P.O. Box 30479  
Lansing, Michigan 48909-7979  
OR  
Fax to 517-335-7959

Agencies will receive a determination letter from MDCH stating one of the following:

- The agency has met the criteria and is approved (agencies are often given provisional approval status).

- The agency has not met the criteria and is denied.
- The agency must submit additional information in order to meet the requirements.

MDCH will randomly select agencies and request documentation to review agency status. An agency must notify the adult services specialist within **10 business days** of any changes that may affect meeting the agency requirement.

### ***Agency Approval List***

A list of approved agencies is maintained on the Adult Services Home Page. If an agency is on the Home Help Agency List, their status as an approved agency extends to all counties.

### **Agency Rates for Home Help**

Agency rates for reimbursement of home help services are predicated on the following rules:

1. The maximum agency rate for any county is 200 percent of the lowest county individual rate in the state at the time of policy implementation. Any county's agency rate that is currently above that amount will be frozen unless a county does not currently have an agency rate. In this circumstance, the agency rate for the county will be established at an amount equal to 170 percent of the county's individual provider rate.

Effective August 1, 2008, county agency rates were increased by five percent (or by a lesser amount if the lesser amount achieves the target rate of 170 percent of the county's individual provider rate) unless the current agency rate is equal to or greater than 170 percent of the county's individual provider rate. Any agency rates equal to or greater than 170 percent of the county's new individual provider rate will be frozen until such time that the agency rate is equal to or less than 170 percent of the county's individual provider rate.

2. The minimum agency rate for any county is 170 percent of the lowest county individual provider rate in the state.
3. All agency rates are rounded to the nearest quarter (twenty five cents).

4. Any agency rates that do not conform to the policy outlined above, but were approved for an individual client, will remain in effect for that client until that respective agency-client relationship is terminated, or until the above stated policy would result in a higher rate.

**There will be no exceptions granted for deviation from the respective rates resulting from implementation of this policy.**

The agency rates resulting from the establishment of this policy are not applicable to individual home help providers.

An agency can only receive the established agency rate if they have been approved by MDCH. If an agency does not meet the criteria:

- Reduce the hourly rate to the individual rate. Do not terminate ongoing authorizations.
- Send appropriate notification to the client.

**Note:** Businesses not listed on the MDCH approved agency list must be paid at the individual county rate.

See ASM 138 for the county rate table.

## Agency Registration

Payments made for the provision of personal care services to Medicaid recipients qualify as income for the provider and must be reported to the Internal Revenue Service (IRS) by the Michigan Department of Community Health.

All agency home help providers must register with the state of Michigan by submitting a W-9, Request for Taxpayer Identification Number and Certification. MDCH will use the information collected from the W-9 to produce a 1099 that will detail payments made by MDCH during the tax year.

Agencies who have not submitted a W-9 will not receive payment.

### ***Registration Procedures***

Home help agency providers must complete a W-9 and submit it to the state of Michigan by one of the following methods:

- Mail:

State of Michigan  
Payee Registration  
P.O. Box 30026  
Lansing, Michigan 48909

- Fax form to Vendor Registration at 517-373-0297
- Online registration at <http://www.mi.gov/cpexpress>

Agency providers with additional questions regarding vendor registration should be referred to:

- Payee Registration Helpline at 517-373-4111 (Lansing area) or 888-734-9749.
- Payee Registration email at [dmb-vendor@michigan.gov](mailto:dmb-vendor@michigan.gov).

Agency providers must submit a new W-9 to Vendor Registration for a change of address as well as contact the local DHS office to update information in Bridges.

### **Agency Provider Enrollment**

Agency providers must first be enrolled in Bridges prior to authorizing payment; see ASM 135, Home Help Providers.

### **Agency Billing**

Agency/business providers have the option of submitting monthly invoices in lieu of the DHS-721, Provider Log. Each invoice must specify the following:

- The service(s) provided.
- The date(s) of service.

Hours billed that exceed the approved cost of care amount must receive prior approval by the adult services worker in order to receive payment.

Invoices must be received within 365 days of the service date. Failure to submit an invoice within 365 days of the service date will result in non-payment.

Payment authorizations up to 13 months are allowed if hours remain consistent.

**JOINT POLICY  
DEVELOPMENT**

*The Adult Services Manual (ASM) policy has been developed jointly by the Michigan Department of Community Health (MDCH) and the Department of Human Services (DHS)*